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In the Supreme Court of the United States

October Term, 1972

No. _____

KING NUT COMPANY,
Petitioner,

vs.

BEER NUTS, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals
For the Sixth Circuit

To The Honorable, The Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, King Nut Company, respectfully prays that a Writ of Certiorari issue to review the judgment of the United States Circuit Court of Appeals for the Sixth Circuit entered May 2, 1973.

CITATIONS TO OPINIONS BELOW

The opinion and judgment of the Circuit Court of Appeals for the Sixth Circuit, of which review is requested, is printed in the Appendix A to this Petition, and was reported at ..... F. 2d ..... ; 177 U.S.P.Q. 609.

The opinions and judgment of the United States District Court for the Northern District of Ohio, Eastern Division, affirmed by the Court of Appeals, consisting of the Court's Opinion and Order of June 12, 1972, and the Court's Opinion and Order of July 31, 1972, are printed in Appendix B and Appendix C, respectively, to this Petition, and were reported at ..... F. Supp. ..... ; 173 U.S.P.Q. 574, and ..... F. Supp. ..... ; 174 U.S.P.Q. 306.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered on May 2, 1973.

The jurisdiction of this Court is invoked under 28 U.S.C. 1254 (1).

QUESTIONS PRESENTED

1. May one be estopped by contract from the use of the idea of fairly describing one's goods by a word otherwise freely available to the public for describing such goods?

2. Does the law as enunciated by this Court that ideas in the public domain, including inventions disclosed in expired patents, in invalid patents, and in non-existent patents, are not subject of private barter, waiver or contract barring the use of such ideas, also apply to the idea of fairly identifying one's goods by a descriptive term, even though such descriptive term has been registered as a trademark?

3. When there is a conflict between contract law and established trademark law that one is entitled fairly to describe one's goods, shall contract law or trademark law dominate?

STATUTES INVOLVED

The statutory provisions involved and printed in Appendix D are:

The United States trademark registration statutes which preserve and continue to one sued for trademark infringement the common law defense that the asserted mark is in fact descriptive of the goods to which applied, including:

15 U.S.C. 1115

and

15 U.S.C. 1065

And

The United States patent statute which prohibits the false marking of goods with the word "patent" when in fact there is no patent on the goods:

35 U.S.C. 292

STATEMENT

Sweetened salted peanuts are commonly favored by drinkers of beer for consumption with the beer. They commonly are sold in taverns, saloons and delicatessens where beer is sold. Such nuts are commonly called "beer nuts" as referring to the usual use of such sweetened salted peanuts. This terminology is analogous to "coffee cake" for cake consumable with coffee, to "tea biscuits" for biscuits consumable with tea, and to "cocktail olives" for olives consumable with cocktails.

In 1958 and prior thereto, the Petitioner was packaging and selling its *sweetened* salted peanuts in small cello-

phane bags labeled "KING'S Brew Nuts" and bearing the picture of an overflowing stein, mug or glass of beer. In 1958, Brewster Food Service, a partnership and alleged predecessor in interest of Respondent, Beer Nuts, Inc., complained of the use by Petitioner of the use of "Brew" on Petitioner's bags, but did not then complain of the picture of the stein, mug or glass of beer by Petitioner.

The attorney for Brewster Food Service then sent to Petitioner an "Agreement" which was signed by Petitioner on September 15, 1958. This Agreement is printed as Appendix E hereto. It does not mention a picture of a stein, mug or glass of beer. The Agreement was limited in its restrictions of Petitioner to the following:

> "1. King Nut Company hereby agrees to refrain from any use of *BREW* NUTS on or in connection with nuts.
>
> "2. King Nut Company hereby recognizes and acquiesces in the *right of Brewster Food Service to use* the trademark BEER NUTS on or in connection with shelled and salted peanuts and to *its* ownership of and validity of United States Registration No. 605,905 for BEER NUTS."

Trademark Registration No. 605,905 on BEER NUTS appears as Appendix F hereto. The goods are described therein merely as "shelled and salted peanuts". The fact that the nuts are *sweetened* salted peanuts particularly adapted and sold in the tavern trade for consumption with beer, does not appear in the registration. This information as to the particular kind and use of the peanuts was not disclosed to the Patent Office at any time by registrant in seeking the registration. So far as disclosed to the Patent Office, there is no relationship between beer and the salted peanuts described.

After signing the Agreement of September 15, 1958, Petitioner changed its bags of sweetened salted peanuts to bear the phrase "KING'S Snack Nuts", as appearing on the bag reproduced as Appendix G, continuing as before the use of the picture of the overflowing stein, mug or glass of beer.

In 1968, with apparent forgetfulness of the 1958 Agreement signed ten years earlier, Petitioner commenced to apply to its bags of beer nuts (sweetened salted peanuts) the phrase "KING'S Beer Nuts", accompanied by the picture of the overflowing stein, mug or glass of beer. A reproduction of that bag appears as Appendix H hereto.

Respondent has never used any picture or representation of an overflowing stein, mug or glass of beer. The Respondent's bags of beer nuts merely contain the phrase "BEER NUTS", accompanied by the false notation "PATENT", as shown in the reproduction appearing as Appendix I hereto. This false marking of "PATENT" on Respondent's bags is in violation of the provisions of 35 U.S.C. 292 reproduced in Appendix D hereto.

After some correspondence in 1969 in which Respondent complained of Petitioner's use of "KING'S Beer Nuts", and for the first time complained of the use of the picture, Petitioner dropped the use of the "Beer" but continued use of the picture. Respondent then filed suit against Petitioner in the District Court below for its preceding use of "KING'S Beer Nuts" and its continued use of the picture.

The District Court by summary judgment (Appendix B and C) held Petitioner guilty of trademark infringement by use of "KING'S Beer Nuts" and the picture, and enjoined further use of the same. There was no trial or hearing of any kind, and the Petitioner was denied the

opportunity of establishing that BEER NUTS is descriptive of the use of sweetened salted peanuts, and that the picture is also suggestive of the use of such nuts. The District Court did not see any of the bags nor consider whether, by their appearance, they might confuse the public.

The only stated basis for the District Court's decision granting summary judgment was that Petitioner was *estopped* by the 1958 Agreement from establishing its defense that "Beer Nuts" was descriptive of the use of the nuts. The Court also considered that the picture, as a matter of law, was the equivalent of "Beer Nuts" and that the estoppel of the 1958 Agreement also applied to the picture.

Thus the only thing decided by the District Court was that by contract law Petitioner was estopped from asserting its defense under trademark law of the descriptiveness of the phrase "Beer Nuts" and the picture.

The Sixth Circuit Court of Appeals affirmed the District Court on this one issue of estoppel by contract. As shown by its decision, Appendix A, the Court of Appeals while recognizing that descriptiveness of a mark is always a good defense under established trademark law, held that contract law dominated over trademark law. The Court of Appeals acknowledged the law that ideas shown in expired patents and in invalid patents were in the public domain and that a contract restricting use of such ideas could not be enforced so as to create an estoppel.

While citing this Supreme Court's decisions on the public's right to freely use such ideas in the public domain, the Court of Appeals declined to apply such decisions to the idea of freely using common terms to fairly describe one's goods.

While there are questions that may properly be raised as to the scope and to the interpretation of the Agreement, and as to the legal position of Respondent relative to the Agreement, it will be presumed for the purposes of this Petition for Writ of Certiorari, that the 1958 Agreement forever barred Petitioner from use of BEER NUTS and of the picture on sweetened salted peanuts, and that Respondent was successor in interest to the Agreement.

Therefore there is presented only the legal issue of whether the 1958 Agreement estopped Petitioner under the principles of contract law from exercising its right under the principles of trademark law from the use of "Beer Nuts" and the picture on its bags of sweetened salted peanuts.

REASONS FOR GRANTING WRIT

1. The Petitioner as a matter of public policy has a right to use all ideas in the public domain, whether subject of an expired patent, a non-existent patent, or an invalid patent, including the idea of fairly describing its goods, and Petitioner is not to be estopped by contract from exercising that right.

This Court has held that as a matter of public policy that one cannot be estopped by contract from the free use of an idea shown in an *expired* patent, in a decision stating:

> "It is thus apparent that the patent laws preclude the patentee of an expired patent and all others including petitioner from recapturing any part of the former patent monopoly; for those laws dedicate to all the public the ideas and inventions embodied in an expired patent. They do not contemplate that *anyone by contract or any form of private arrangement* may withhold from the public the use of an invention for which the public has paid by its grant of a monopoly and which has been appropriated to the use of all. The rights in the invention are then *no longer subject to private barter, sale, or waiver.*"

Scott Paper Co. v. Marcalus Mfg. Co., Inc., 326 U.S. 249, 66 S. Ct. 101, 67 U.S.P.Q. 193 (1945).

Further, it has been held by this Court that an idea covered by a *non-existent* patent may also be freely used by the public so that one may use an idea not actually protected by a patent without being estopped from doing so by a state law of unfair competition. This was held in the cases of:

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S. Ct. 784, 140 U.S.P.Q. 524 (1964)

and

Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 84 S. Ct. 779, 140 U.S.P.Q. 528 (1964).

More recently, this Court has held that an idea subject of an *invalid* patent may be freely used by the public, and that one cannot be estopped by contract from the use of such an idea in the public domain. This was held in a case in which a licensee had sought to show invalidity of the patent notwithstanding the license agreement. This Court there said:

> "On the one hand, the law of contracts forbids a purchaser to repudiate his promises simply because he later becomes dissatisfied with the bargain he has made. On the other hand, federal law requires that *all ideas in general circulation* be dedicated to the common good unless they are protected by a valid patent."
>
> * * * * *
>
> "Surely the equities of the licensor do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the *use of ideas* which are in reality a part of the public domain. Licensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification. We think it plain that the technical requirements of contract doctrine must give way before the demands of the public interest in

the typical situation involving the negotiation of a license after a patent has issued.

We are satisfied that Automatic Radio Co. v. Hazeltine Research, Inc., supra, itself the product of a clouded history, should no longer be regarded as sound law in respect of its 'estoppel' holding, and that holding is now overruled."

* * * * *

"The national policy expressed in the patent laws, favoring free competition and narrowly limiting monopoly, cannot be frustrated by private agreements among individuals, with or without the approval of the State."

Lear Inc. v. Adkins, 395 U.S. 653, 89 S. Ct. 1902, 162 U.S.P.Q. 1 (1969).

In the above *Lear v. Adkins* decision, the Court commented upon its prior decision of *Scott Paper Co. v. Marcalus Mfg. Co.* (*supra*) dealing with an *expired* patent as follows:

"The Court refused to permit the assignee to invoke an estoppel, finding that the policy of the patent laws would be frustrated if a manufacturer was required to pay for the *use of information* which, under the patent statutes, was the property of all."

Also, in the above *Lear v. Adkins* decision the Court referred to its prior decisions of *Sears, Roebuck v. Stiffel* and *Compco Corp. v. Day-Brite Lighting* (*supra*),

"as our recent decisions emphasizing the strong federal policy favoring *free competition in ideas* which do not merit patent protection."

It would thus appear to be well established that Petitioner, as a member of the public, has a right to use all ideas in the public domain including the idea of accurately and fairly describing its beer nuts by the term "Beer Nuts", and is not to be estopped by a principle of contract law.

The marking of "PATENT" on the Respondent's bag of "BEER NUTS" (Appendix I), is false, and there is no existing, valid patent on the beer nuts. The idea of labeling the beer nuts (sweetened salted peanuts) is an idea in the public domain, and the Petitioner is not to be estopped from the right to label its beer nuts "KING'S Beer Nuts", with or without a picture of an overflowing stein, mug or glass of beer.

2. It is established trademark law that one has the legal right to freely use descriptive terms and devices to accurately describe one's goods.

It is an ancient doctrine that one may freely use words of the vocabulary to accurately describe one's product. No one may monopolize words of the language which others may reasonably require to describe the character, purpose or the use of their products.

This Court has held that a competitor of the Singer Sewing Machine Company may freely use the word "Singer" on its Singer-type sewing machine (the patent on the original machine having expired), as long as the competitor did not mislead the public as to the source of its Singer-type machine. The word "Singer" was found to have become descriptive of that type of sewing machine, in:

Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 16 S. Ct. 1002 (1896).

Further, this Court has held that "Shredded Wheat" is descriptive of a breakfast cereal made of wheat and in shredded form. Although the originator had previously had patents on the machine and process for making the product, the patents had expired. The product had become known by the descriptive term "Shredded Wheat". A competitor was held entitled to call its similar product "Shredded Wheat" in association with its own company name, in the case of:

Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 59 S. Ct. 109, 39 U.S.P.Q. 296 (1938).

The Court of Appeals below in this case recognized that there is a legal right to use without restriction a term which has become descriptive of the goods, citing as examples the descriptive term of "cellophane" for transparent film, and "thermos" for insulated containers, in the respective cases of:

DuPont Cellophane Co. v. Waxed Products Co., 85 F.2d 75, 30 U.S.P.Q. 332 (2d Cir. 1936)

and

American Thermos Products Co. v. Aladdin Industries, Inc., 207 F. Supp. 9, 134 U.S.P.Q. 98 (D. Conn. 1962) *affirmed* 321 F.2d 577, 138 U.S.P.Q. 349 (2d Cir. 1963).

The general and well accepted principle of law governing descriptive terms has been well summarized as follows:

"It is axiomatic that a word or phrase which is primarily descriptive of the qualities, ingredients or characteristics of the article to which it is attached or to which it has reference *can not* be claimed as an exclusive trademark." (Sec. 70.1)

"Designations are descriptive if they naturally and normally direct attention to the qualities, ingredients, appearance, effect, purpose, or other features of goods or services." (Sec. 71.1)

CALLMANN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES, Third Ed., Vol. 3.

Thus, unfettered by a theory of estoppel by contract, the Petitioner has the free right to label its beer nuts as "KING'S Beer Nuts" and to use the picture of an overflowing stein, mug or glass of beer on the bag of nuts.

3. The fact that Respondent was able to obtain a Federal Registration on "BEER NUTS" does not entitle it to monopolize that phrase for beer nuts.

Congress having no authority under the Constitution to grant rights in gross to trademarks, as in the case of patents and copyrights, has accommodated the trademark registration laws to the common law of trademarks. The registration statutes are procedural in nature rather than providing for substantive rights.

This is exemplified in the fact that the trademark registration statutes have recognized, and have provided for, the defense that a mark is in fact descriptive even though a registration may have been obtained upon it. The defense of descriptiveness of a mark is thus preserved and continued in the trademark registration statutes.

15 U.S.C. 1115a [Sec. 33(a) of the Trademark Act] provides that a registration shall be *prima facie* evidence of registrant's exclusive right to use the mark, but adds that such registration—

"shall not preclude an opposing party from proving *any legal or equitable defense* or defect which might have been asserted if such mark had not been registered".

The registration statutes also provide that after a mark has been registered five years, it may be accorded the status of being "incontestable". However, such "incontestability" has been held in many decisions to be a shield and not a sword and merely protects such an "incontestable" registration from being subjected to a formal Patent Office cancellation proceeding (but not from being canceled by a court order). In this case, Respondent's Registration No. 605,905 (Appendix F) by virtue of longevity has become "incontestable".

The defense of descriptiveness of a mark is also preserved and continued as against such an "incontestable" registered mark. 15 U.S.C. 1115b [Sec. 33(b) of the Trademark Act] provides that the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark,

"except when one of the following defenses or defects is established:

"(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

* * * * *

(4) That the name, term, or device charged to be an infringement is a * * * term or device which is *descriptive* of and used fairly and in good faith only *to describe* to users the goods or services of such party * * *."

Therefore, the fact that Respondent was able to obtain a registration, now a so-called "incontestable" regis-

tration, on the descriptive term BEER NUTS for beer nuts, does not provide it with any rights to prevent Petitioner from labeling its bags "KING'S Beer Nuts" and from using the picture.

The fact too that Respondent described its goods to the Patent Office merely as "shelled and salted peanuts" and did not disclose the full truth that the goods were *sweetened* salted peanuts adapted and sold for consumption with beer, also raises the issue of whether the registration is valid at all. It may be subject thereby to the first listed defense or defect listed under 15 U.S.C. 1115b—

> "(1) That the registration or the incontestable right to use the mark was obtained fraudulently;"

Sometimes, a mark that is merely suggestive (but not a mark that is purely descriptive such as BEER NUTS) may, through long continued acquiescence and voluntary recognition by an informed public, acquire a "secondary meaning" and thus acquire some limited status as a good trademark. That, however, would be impossible in this case (1) because BEER NUTS is purely descriptive of beer nuts, and (2) there has been no acquiescence and voluntary recognition by an informed public. By falsely marking its bags of "BEER NUTS" with the word "PATENT" (as shown in Appendix I), the Respondent deceived the public into thinking that it had patent protection on its BEER NUTS. Thus, Respondent would be barred from trying to establish a "secondary meaning".

The Courts below were not persuaded that the false marking of PATENT on Respondent's bags of "BEER NUTS", in violation of 35 U.S.C. 292 (Appendix D), constituted unclean hands barring Respondent from any relief. It is believed that the defense of unclean hands persists

here and deserves the attention of all courts learning of the fact of such false marking.

The Respondent's registration obtained on "BEER NUTS" is of no avail to it. "BEER NUTS" is descriptive of beer nuts and Petitioner should not be estopped from relying upon that defense.

4. The Petitioner has been deprived of the opportunity of establishing the facts set forth above as to the descriptiveness of "BEER NUTS" and as to false patent marking.

The Respondent will undoubtedly urge that there is nothing in the record to establish all the facts set forth in this Petition.

However, the record does disclose that—

(1) Petitioner was deprived of the right to a trial at which evidence might be introduced, by the device of the Court granting a summary judgment in favor of Respondent on the sole grounds of estoppel.

(2) Petitioner was repeatedly foreclosed from the right to establish these facts through discovery proceedings, both by way of interrogatories and by way of requests for admissions, by the District Court's rulings, affirmed by the Court of Appeals.

Therefore, if anything is lacking in the record as proof of the facts alleged here by Petitioner, that lack is due to the denial of the Petitioner's right to make such proof.

In other proceedings wherein there was no estoppel to establish the descriptiveness of "BEER NUTS" for sweetened salted peanuts sold for consumption with beer,

there has been full recognition of such descriptiveness. The Court of Customs and Patent Appeals in denying an opposition filed by the predecessor of Respondent, to the registration of "SCHNAPS" for sweetened salted peanuts on the basis of the Respondent's registration on "BEER NUTS", said:

> "Both parties took testimony. The evidence shows that the goods sold by the parties under the respective marks are salted redskin peanuts having a *sweetened* coating. Each sells its peanuts in cellophane bags, primarily in a ten cent size, through the same channels, jobbers and route men, for ultimate sale to the tavern trade. It has been shown that the parties' peanuts are usually purchased by patrons of taverns for consumption on the premises with various forms of liquid refreshment. The evidence also establishes that appellant knew of appellee's use of 'BEER NUTS' on packages of sweetened nuts prior to the time it adopted its mark, and that the 'Schnaps' nuts package, besides the mark, *has the figure of a glass of beer* and the phrase 'SO GOOD WITH BEER' on its face."
>
> * * * * *
>
> "We do not believe that confusion as to source is the significant factor in this case. Rather, it appears to us that the dominant feature of this controversy is the *lack of trademark significance inherent in 'BEER NUTS'*. We believe this to be so irrespective of the fact that appellee has sold 20 million bags of its nuts having 'BEER NUTS' thereon and has advertised its mark in various trade journals.
>
> "Furthermore, if we permitted appellee to prevail here, we would be saying, in effect, that no one else could

sell this type of merchandise employing a trademark *suggestive of the most appealing use* of the goods. We do not believe that appellee's mark warrants such protection." (Emphasis added.)

Milwaukee Nut Co. v. Brewster Food Service, 277 F.2d 190, 125 U.S.P.Q. 399 (C.C.P.A. 1960).

Except for the estoppel that has been imposed upon Petitioner by the Courts below, Petitioner in this case could have established the same facts as to the extreme descriptiveness of "BEER NUTS" for beer nuts.

For purposes of this Petition then the facts here stated should be accepted as true and established.

SUMMARY

The issue presented by this Petition was well pointed out by the Court of Appeals below in expressly holding that the principle of *Lear v. Adkins*, (395 U.S. 653, 89 S. Ct. 1902, 162 U.S.P.Q. 1) does not apply to one's right to use a common term to fairly describe one's product.

The law that ideas and information in the public domain, and not covered by unexpired, existing and valid patents, are free for the public to use not subject to estoppel by contract, is also applicable to the idea of fairly describing one's product.

The law enunciated by this Court in the above cited decision applies here and justifies a reversal of the judgments below.

The intervention of this Court is warranted by the grant of the sought for Writ of Certiorari.

Respectfully submitted,

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and
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APPENDIX A

Opinion and Judgment of the Court of Appeals

(Filed May 2, 1973)

No. 72-1807

UNITED STATES COURT OF APPEALS
For the Sixth Circuit

BEER NUTS, INC.,
Plaintiff-Appellee,

v.

KING NUT COMPANY,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Ohio, Eastern Division.

Decided and Filed May 2, 1973.

Before PHILLIPS, Chief Judge, CELEBREZZE and McCREE, Circuit Judges.

PHILLIPS, Chief Judge. This is an appeal by King Nut Company from the granting of summary judgment in a trademark infringement action brought under § 32 of the Lanham Act, 15 U.S.C. § 1114. The District Court held that King had infringed the trademark "BEER NUTS"[1] owned by appellee, Beer Nuts, Inc., a permanent injunction and an accounting were ordered. We affirm.

---

1. Registration No. 605,905.

Appellee's predecessor, Brewster Food Service,[2] registered the trademark in 1955 for its brand of shelled, cooked and salted peanuts, which are sold in the tavern market. Beer Nuts, Inc. has used the mark continuously since its registration.

Over the years, King has employed several names to market its brand of similar peanuts. In 1958 the name "KING'S BREW NUTS" was used. Upon discovery of this, Brewster contacted King, contending that such a name was an infringement on its trademark. The parties were able to settle this difficulty by entering an agreement on September 15, 1958. That agreement released King from all liability in exchange for King's promise to refrain from using the name "BREW NUTS" and King's recognition of Brewster's ownership and the validity of the trademark "BEER NUTS". The agreement was concluded by a stipulation that the contract would be perpetual and binding on the parties and their assigns.

In 1968 King began to market its peanuts under the name "KING'S BEER NUTS." Each package also included a picture of an overflowing stein of beer. Beer Nuts, Inc. objected and King agreed to discontinue its use. Then King began marketing its product under the title "KING'S SNACK NUTS", continuing the use of the picture. Thereupon Beer Nuts, Inc. brought this suit contending that the words "BEER NUTS" and the continued use of a picture of an overflowing stein of beer on the front of King's packages constituted infringements. The principal defense asserted was that "BEER NUTS" had evolved into a descriptive term causing the trademark to lose its validity.

---

2. Members of the Brewster partnership incorporated Beer Nuts, Inc. in 1960 and assigned their trademark to the corporation.

On April 11, 1972, District Judge Don J. Young held that King was estopped by virtue of the 1958 agreement from contesting the mark's validity. The effect of this holding was to deny King the opportunity to present its defense that "BEER NUTS" was a descriptive term not available for appropriation as a trade mark. The court further held that the use of the picture and the name "KING'S BEER NUTS" constituted infringements. Judge Young concluded:

> "Thus, the only remaining issue before the Court is whether plaintiff is the assignee of Brewster Food Service to the trademark "Beer Nuts." If plaintiff is, summary judgment will be entered on its behalf. . . ."

On June 12, 1972, Judge Young ruled that the plaintiff had demonstrated that it was the assignee of Brewster Food Service and entered summary judgment.

King first contends that the 1958 agreement does not preclude the assertion of the defense that the trademark was merely descriptive. We find this argument to be without merit. An assertion that a name is merely descriptive is an attack upon the validity of the trademark. A descriptive mark in appropriate situations will not be recognized as a valid trademark. 3 Callmann, The Law of Unfair Competition Trademarks and Monopolies (3d ed.) §§ 74, 74.2.

King next argues that even if the agreement precludes an attack upon the mark's validity, that agreement should not be enforced. We recognize that to give effect to such agreements would impede the efficacy of the defense that the words are merely descriptive. It long has been recognized that a mark which is valid and enforceable at one point in time may subsequently evolve into an invalid

mark. *DuPont Cellophane Co., Inc. v. Waxed Products Co., Inc.*, 85 F.2d 75 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); *American Thermos Products Co. v. Aladdin Industries, Inc.*, 207 F.Supp. 9 (D. Conn. 1962), *aff'd*, 321 F.2d 577 (2d Cir. 1963); *Bayer Co. Inc. v. United Drug Co.*, 272 F. 505 (S.D. N.Y. 1921). In the present case, however, we must weigh the public benefit in considering trademark principles in connection with the policy of upholding the law of contracts.

In *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969), the Supreme Court was faced with the task of balancing conflicting contract and patent law policies. The Court held that a patent licensee was not estopped by virtue of having negotiated a license agreement from asserting that the patent was invalid. On its face *Lear* might appear to be applicable to trademarks, but we believe a closer analysis mandates a contrary result.

Generally, courts uphold the contract principle that a contracting party may not repudiate his promises solely because he later becomes dissatisfied with his bargain. In *Lear* this policy was found to conflict with the patent policy that ideas in general circulation should be available for the public good unless protected by a valid patent. 395 U.S. at 688.

Our patent system awards an inventor exclusive use of his discovery for a limited period of time in return for his granting to the public full disclosure and, at the expiration of his monopoly, the free use of his discovery. This results not only in stimulating inventiveness but also benefits the consuming public when the discovery becomes available at competitive prices. *See, Scott Paper Co. v. Marcalus Mfg. Co., Inc.*, 326 U.S. 249 (1945). Where a monopolist is permitted to operate under color of a patent,

which is in fact invalid, ". . . the public may continually be required to pay tribute to would-be monopolists without need or justification." *Lear* at 670. This overriding consideration of the public interest led the *Lear* Court to conclude that patent law must control.

The principles underlying the law of trademarks are distinguishable. Trademark protection guards the public from being deceived into purchasing an infringing unwanted product. It further protects the owner's investment in advertising and quality control which is often considerable. *Stahly, Inc. v. M. H. Jacobs Co.*, 183 F.2d 914 (7th Cir.), *cert. denied*, 340 U.S. 896 (1950). The premise for the defense of descriptiveness was set forth by Judge Hastie in *Telechron v. Telicon Corp.*, 198 F.2d 903, 906 (3rd Cir. 1952):

> "The basic reason for refusing to allow the exclusive appropriation of descriptive words in trademarks is the danger of depleting the general vocabulary available to all for description and denomination of articles of commerce. It is unwise to risk the development of a situation in which those attempting to market their goods will find that they can not use apt normal words or phrases in depicting or characterizing articles because of language preemptions by others. So the legal protection of trademarks is restricted in manner calculated to keep such descriptive words free for all." *Accord, Proxite Products, Inc. v. Bonnie Brite Products Corp.*, 206 F.Supp. 511, 515 (S.D. N.Y. 1962).

The defense of descriptiveness also has been upheld on the basis of the public's right to have a product properly described. *Caron Corp. v. Maison Jeurelle-Seventeen, Inc.*, 26 F. Supp. 560, 562-63 (S.D. N.Y. 1938).

When the balancing test is employed in the instant situation, we conclude that the public interest in guarding against the depletion of the general vocabulary available for the description of articles in commerce is not so great that it should take precedence over the rule of the law of contracts that a person should be held to his undertakings. Such a decision is far from unique. In *E. F. Prichard Co. v. Consumers Brewing Co.*, 136 F.2d 512, 522 (6th Cir. 1943), *cert. denied*, 321 U.S. 763 (1944), this court held that a contract declaring one party to be the owner of a trademark would estop the other party from later contesting the mark's title. In *Peyrat v. L. N. Renault & Sons, Inc.*, 247 F. Supp. 1009 (S.D. N.Y. 1965), it was held that a contract between a trademark registrant and another, which permitted the other party to use the mark, would bind the registrant.

King also contends that the District Court erred in determining that the use of the picture of a stein of beer on the front of the King packages constitutes an infringement. The essence of the wrong of trademark infringement is the passing off of the goods of one as those of another. *Hemmeter Cigar Co. v. Congress Cigar Co.*, 118 F.2d 64 (6th Cir. 1941). Under the statute liability is imposed upon those who use a mark likely to cause confusion with a registered mark. 15 U.S.C. § 1114. The test is whether the infringing mark taken as a whole so far resembles the trademark as to be likely to cause a casual or unwary purchaser to mistake it for the original. 118 F.2d at 70. The degree of similarity may be less where inexpensive goods are involved. This is premised upon the notion that purchasers will pay less attention to the goods they are buying where the goods are relatively cheap. Callmann, Trademarks and Unfair Competition § 10.24.

It is well settled that words and their pictorial representation are treated the same in determining the likelihood of confusion between two marks. *Shunk Mfg. Co. v. Tarrant Mfg. Co.*, 318 F.2d 328 (C.C. P.A. 1963); *Pink Lady Corp. v. L. N. Renault & Sons, Inc.*, 265 F.2d 951 (C.C. P.A. 1959). As the picture in the present case is to be given the same effect as the word "beer", we conclude that the District Court's determination was correct.

King further argues that the District Court erred in failing to compel more complete answers to its second, third and fourth sets of interrogatories, its requests for admissions, and in failing to permit an amendment to its pleading. The motion to compel answers to the second and third sets of interrogatories was denied for failure to comply with a local rule of court. That rule provided that before a party can seek the court's aid in discovery, that party must first notify the court of its attempts to resolve the controversy.[3] Since we do not find this rule inconsistent with the federal rules, we hold the District Court's action was proper. Rule 83, Fed. R. Civ. P.; *Joseph v. Norton Co.*, 273 F.2d 65 (2d Cir. 1959).

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3. Rule 2(a)(6) of the local rules for the United States District Court for the Northern District of Ohio provides:

> "Counsel are encouraged to participate in pretrial discovery conferences to reduce, in every way possible, the filing of unnecessary discovery procedures. To curtail undue delay in the administration of justice, no discovery procedure filed under Rules 26 through 37 of the Federal Rules of Civil Procedure to which objection or opposition is made by the responding party shall be taken under consideration by the court, unless the party seeking discovery shall first advise the court in writing that after personal consultation and sincere attempts to resolve differences they are unable to reach an accord. This statement shall recite those matters which remain in dispute, and in addition, the date, time and place of such conference, and the names of all parties participating therein. It shall be the responsibility of counsel for the party seeking discovery to initiate such personal consultation."

The fourth set of interrogatories, the request for admissions and the motion for leave to file an amended complaint,[4] were all filed subsequent to the District Court's April 11, 1972, opinion. The April 11 opinion found King to be an infringer and held Beer Nuts, Inc. entitled to relief subject to its demonstrating that it is the assignee of the Brewster Food Service trademark. On June 12, 1972, a second opinion was issued wherein the court found that the corporation was the legitimate assignee of the partnership and entered its order of summary judgment. We believe that the April 11 opinion had the effect of partial summary judgment. All material issues were resolved except the assignment issue. As these contentions do not relate to the assignment, we must treat these motions as being made after the entry of summary judgment, and as such it was not improper to deny them. *Butler v. Pettigrew,* 409 F.2d 1205 (7th Cir. 1969); *Weiss v. United States,* 199 F.2d 454 (2d Cir. 1952), *cert. denied,* 344 U.S. 934, *reh. denied,* 345 U.S. 914 (1953).

Finally it is argued that summary judgment is improper because genuine issues of material fact remained. Fed. R. Civ. P. 56. King contends that "BEER NUTS" is descriptive when applied to the products involved in this case. Therefore, it asserts a genuine issue of material fact remains. Since King is precluded from contesting the validity of the trademark, the question of descriptiveness becomes irrelevant.

All other contentions made by appellant have been considered and are found to be without merit.

Affirmed.

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4. The proposed amendment attempted to raise a completely new issue involving the equitable concept of "clean hands"; it should therefore be distinguished from a situation where the party attempts to conform the pleadings to the evidence.

APPENDIX B

Opinion of the District Court

(Filed June 12, 1972)

Civil No. C 69-247

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

BEER NUTS, INC.,
Plaintiff,

vs.

KING NUT COMPANY,
Defendant.

OPINION

YOUNG, *J*:

This cause came to be heard on motion of the defendant for summary judgment. In a memorandum of this Court filed on April 11, 1972, which was dispositive of defendant's motion for partial summary judgment, this Court indicated that the only remaining issue before it was whether plaintiff is the assignee of Brewster Food Service to the trademark "BEER NUTS." The Court concluded that if it is, summary judgment will be entered on its behalf because defendant will be estopped to deny the validity of the mark or to allege that the trademark has become generically recognized. The Court afforded the parties an opportunity to submit affidavits in lieu of

an evidentiary hearing. On April 14, 1972, the plaintiff filed an affidavit of James R. McKnight, formerly an attorney and agent of Brewster Food Service. The affidavit indicates that the affiant prepared the assignment of the trademark "BEER NUTS" from Brewster Food Service, a firm composed of E. C. Brewster and Janet Brewster, to Beer Nuts, Inc., as shown in Exhibit 1 appended to plaintiff's affidavit. The assignment clearly transfers the trademark to the plaintiff, notwithstanding that it is signed by only one of the partners, E. C. Brewster, as "A Member of the Firm." On April 24, 1972, the defendant filed a memorandum in opposition to plaintiff's affidavit. The memorandum indicated that defendant has rejected the filing of an opposing affidavit, as the defendant and its counsel do not have personal knowledge of any facts concerning the purported assignment. The only facts which the memorandum recites are the facts of record that the assignment on its face indicated that the trademark "BEER NUTS" and registration No. 605,905 were owned jointly by the partners E. C. Brewster and Janet Brewster, and each of them had an undivided part interest in the trademark and registration. Defendant contends that the assignment executed by E. C. Brewster was only a partial one, as he attempted to dispose of property that was not fully his.

It is axiomatic that unless the partnership contract provides to the contrary, the partners acquire a joint interest in the personal property of the partnership. Each partner is possessed of an undivided interest in every portion of the partnership property—a joint interest in the whole and not a separate interest in any particular part. 60 AM.JUR.2d *Partnership* §83 (1972). Furthermore, each partner is a principal, as well as for all purposes within the scope and object of the partnership a

general and authorized agent of the partnership, as well as an agent of the partners. Thus, with regard to the concerns of a partnership, a partner acts as principal for himself and as an agent for his partners. If the partner has the requisite authority, his acts bind the partnership, regardless whether he acts in its name or in his own. 60 AM.JUR.2d *Partnership* §140 (1972). However, the presumption of prima facia liability for the transaction entered into may be rebutted by evidence that credit was given to the partnership alone, it was known that such partner acted fraudulently, or such partner acted without the authority and consent of his co-partner. 60 AM.JUR. 2d *Partnership* §129 (1972).

Defendant has failed to allege that the assignment entered into between the plaintiff and Brewster Food Service by E. C. Brewster, "A Member of the Firm," comes within one of the three foregoing exceptions. According to the Uniform Partnership Act, the act of every partner, including the execution in the partnership name on any instrument for apparently carrying on the usual business of the partnership, binds the partnership unless the partner so acting IN FACT had no authority to act for the partnership in the particular matter and the person with whom he dealt had personal knowledge of the fact that he did not have any such authority. 60 AM.JUR.2d *Partnership* §130 (1972). The defendant does not allege that E. C. Brewster when he acted IN FACT did not have any authority from the partnership to assign the trademark "BEER NUTS." Rather, defendant relies heavily upon the fact that it was partnership property and the other partner, Janet Brewster, did not sign the assignment. The actual signature of Mr. Brewster is directly below the name "BREWSTER FOOD SERVICE, and is indicative of the fact that Mr. Brewster is signing the assignment as an

agent of Brewster Food Service. It is interesting to note that in the absence of Janet Brewster's signature appearing on the assignment, it would have been extremely difficult to more directly bind the partnership, as the partnership cannot bind itself by signing an agreement, but rather binds itself via the acts of its agents. *Chicago Union Bank v. Kansas City Bank*, 136 U.S. 223 (1890); 60 AM.JUR.2d *Partnership* §140 (1972). Furthermore, defendant does not contend that it is the assignee of the purported rights which Janet Brewster had in the trademark "BEER NUTS."

Therefore, it is the conclusion of this Court that E. C. Brewster by his act of signing the assignment, regardless of whether he acted in good faith, bound Janet Brewster as well as the partnership. Uniform Partnership Act Action 4(3); 60 AM.JUR.2d *Partnership* §130 (1972). Thus, plaintiff is the assignee of the trademark "BEER NUTS."

On the basis of the foregoing, there is no genuine issue as to a material fact, and as a matter of law plaintiff is entitled to summary judgment.

Turning to the matter of injunctive relief, it is apparent on the facts of this case and the prior history of this defendant vis-a-vis plaintiff and its assignor that plaintiff is entitled to injunctive relief.

On the basis of the plaintiff being able to demonstrate to the Court that substantial damage has been inflicted, an accounting will be ordered.[1] *Hemmeter Cigar Co. v. Congress Cigar Co.*, 118 F.2d 64 (6th Cir. 1941).

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1. As stated in this Court's prior memorandum, plaintiff did not have "immediately available" evidence of actual confusion between its product and that of the defendant infringer.

An order will be entered in accordance with this opinion.

/s/ ~~Wm~~ DCM. J. Young
United States District Judge
N.D. Ohio, W.D.

Toledo, Ohio.

Appendix B (Continued)

Order of the District Court

(Filed June 12, 1972)

Civil No. C 69-247

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

BEER NUTS, INC.,
Plaintiff,

vs.

KING NUT COMPANY,
Defendant.

ORDER GRANTING PERMANENT INJUNCTION

This cause came to be heard on motion of the defendant for summary judgment. For good cause appearing in the accompanying opinion, it is

ORDERED that the motion of the defendant for summary judgment should be and hereby is denied, and it is

FURTHER ORDERED that summary judgment should be and hereby is entered on behalf of the plaintiff, and it is

FURTHER ORDERED, ADJUDGED AND DECREED THAT the defendant, King Nut Company, and their officers, agents, servants, and employees, and each of them, be and hereby are PERMANENTLY ENJOINED from DIRECTLY and INDIRECTLY in any way infringing plaintiff's registered trademark "BEER NUTS" by using "BEER NUTS" and/or a picture of a stein, mug or glass of overflowing beer, or any words or marks confusingly similar thereto on or in connection with the advertising, offering for sale, selling or distributing shelled, cooked and salted peanuts.

DON
/s/ ~~Wm.~~ J. Young
United States District Judge
N.D. Ohio, W.D.

Toledo, Ohio.

APPENDIX C

Opinion of the District Court

(Filed July 31, 1972)

Civil No. C 69-247

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

BEER NUTS, INC.,
Plaintiff,

vs.

KING NUT COMPANY,
Defendant.

MEMORANDUM

YOUNG, *J*:

This cause came to be heard on motion of the defendant for a stay of the permanent injunction entered by this Court on June 12, 1972. Defendant has filed a memorandum in support of its motion and plaintiff has filed a memorandum in opposition thereto.

The motion of the defendant for a stay of the permanent injunction entered by this Court on June 12, 1972 is not well taken and will be denied.

Defendant contends that this Court has not ruled upon three pending motions:

(1) the motion to compel plaintiff to answer defendant's fourth set of interrogatories;

(2) defendant's request for admissions; and

(3) defendant's motion for leave to file an amended answer and counterclaim.

In a memorandum and accompanying order filed on April 11, 1972, this Court indicated that the only remaining issue before the Court was whether plaintiff is the assignee of Brewster Food Service to the trademark "BEER NUTS". The Court further stated that "If plaintiff is, summary judgment will be entered on its behalf. . . ." Parties were afforded an opportunity to file affidavits in support or contravention of the heretofore remaining issue, and the failing of them to do so within the specified time would necessitate the matter being set for an evidentiary hearing. Thus, parties were on notice that anything subsequently filed to April 11, 1972, depending upon the outcome of the filing of affidavits or the holding of an evidentiary hearing, might become moot. The opinion and accompanying order filed on June 12, 1972 were dispositive of the remaining issue. On May 5, 1972, defendant's motion to compel plaintiff to answer the fourth set of interrogatories propounded upon it became decisional, but was not ruled upon as it was obviously mooted by the opinion and order entered by this Court on June 12, 1972. However, since there is some question as to this Court's position upon it, defendant's motion to compel plaintiff to answer the fourth set of interrogatories propounded upon it will be denied as being moot. Defendant's motion for leave to file an amended answer to plaintiff's complaint and to file a counterclaim, which was filed on April 24, 1972, and became decisional on April 27, 1972, is not well taken and will be denied. If defendant desires to pursue

its counterclaim, the filing of an independent action would be the proper avenue to follow. On the basis of the above ruling upon the motion of the defendant to file an amended answer and counterclaim, the motion of defendant for requests for admissions is moot and will be denied.

An order will be entered in accordance with this memorandum.

DCAI
/s/ ~~Wm.~~ J. Young
United States District Judge
N.D. Ohio, W.D.

Toledo, Ohio.

Appendix C (Continued)

Order of the District Court

(Filed July 31, 1972)

Civil No. C 69-247

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

BEER NUTS, INC.,
Plaintiff,

vs.

KING NUT COMPANY,
Defendant.

ORDER

This cause came to be heard on motion of the defendant for a stay of the permanent injunction entered by this Court on June 12, 1972. For good cause appearing as set forth in the accompanying memorandum, it is

ORDERED that the motion of the defendant for a stay of the permanent injunction entered by this Court on June 12, 1972, should be and hereby is denied, and it is

FURTHER ORDERED that the motion of the defendant to compel plaintiff to answer defendant's fourth set of interrogatories should be and hereby is denied, and it is

FURTHER ORDERED that the request of the defendant for admissions should be and hereby is denied, and it is

FURTHER ORDERED that the motion of the defendant for leave to file an amended answer and counterclaim should be and hereby is denied.

Dcm
/s/ ~~Wm~~. J. Young
United States District Judge
N.D. Ohio, W.D.

Toledo, Ohio.

APPENDIX D

Trademark Registration Statutes 15 U.S.C. 1115 and 15 U.S.C. 1065

Sec. 33(a) (15 U.S.C. 1115a). Remedies—Certificate of registration on principal register—Prima facie evidence of exclusive right to use mark

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered (Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 33(b) (15 U.S.C. 1115b). Same—When conclusive evidence of exclusive right to use mark

If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to registration of the mark under this Act or publication of the registered mark under subsection (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior

to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the anti-trust laws of the United States (Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 15 (15 U.S.C. 1065). Incontestability under certain conditions of right to use mark

Except on a ground for which application to cancel may be filed at any time under subsections (c) and (e) of section 14 of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the publication under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for 5 consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided, That*—

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Commissioner within 1 year after the expiration of any such 5-year period setting forth those goods or services stated in the registration on or in connection with which such

mark has been in continuous use for such 5 consecutive years and is still in use in commerce, and the other matters specified in subsections (1) and (2) hereof; and

(4) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this Act shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Commissioner within 1 year after the expiration of any period of 5 consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 of this Act.

The Commissioner shall notify any registrant who files the above-prescribed affidavit of the filing thereof (Amended Oct. 9, 1962, 76 Stat. 769).

False Patent Marking Statute 35 U.S.C. 292

(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, or sold by him, the name or any imitation of the name of the patentee, the patent number, or the words "patent," "patentee," or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made or sold by or with the consent of the patentee; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word "patent" or any word or number importing that the same is patented, for the purpose of deceiving the public; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words "patent applied for," "patent pending," or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public —

Shall be fined not more than $500 for every such offense.

(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States. July 19, 1952, c. 950, § 1, 66 Stat. 814.

APPENDIX E

Agreement of September 15, 1958

AGREEMENT

This agreement made and entered into by and between Brewster Food Service of Bloomington, Illinois and King Nut Company of Cleveland, Ohio;

Witnesseth that:

Whereas Brewster Food Service has adopted and used, and is now using and is the owner of the trademark BEER NUTS on shelled and salted peanuts and Registration No. 605,905 issued therefor in the United States Patent Office on May 10, 1955, and

Whereas Brewster Food Service has requested King Nut Company of Cleveland, Ohio, to discontinue the use of BREW NUTS on nuts; and

Whereas the parties hereto now desire amicably to settle the said controversy:

Now, therefore, for and in consideration of the promises and covenants hereinafter recited to be faithfully performed, it is hereby understood and agreed by and between the parties hereto as follows:

1. King Nut Company hereby agrees to refrain from any use of BREW NUTS on or in connection with nuts.

2. King Nut Company hereby recognizes and acquiesces in the right of Brewster Food Service to use the trademark BEER NUTS on and in connection with shelled and salted peanuts and to its ownership of and validity of United States Registration No. 605,905 for BEER NUTS.

3. Brewster Food Service hereby releases King Nut Company from any claim of damages or costs of any kind up to and including the date of this agreement.

It is further agreed by and between the parties hereto that this agreement shall be perpetual and shall be binding on the parties here.

Executed this 15th day of September, 1958.

Brewster Food Service
By /s/ Janet Brewster

King Nut Company
By /s/ M. J. Krempa

APPENDIX F
Registration No. 605,905 on "BEER NUTS"
~~and "PATENT"~~

United States Patent Office

Registered May 1

PRINCIPAL REGISTER
Trade-Mark

Ser. No. 665,475, filed Apr. 30, 1954

BEER
NUTS

Brewster Food Service (firm)
501 S. McClun St.
Bloomington, Ill.

For: SHELLED AND SALTED PEANUTS,
46.

First used July 15, 1953, and in commer
1953.

Applicant disclaims the descriptive word "N
from the mark as shown.

APPENDIX G

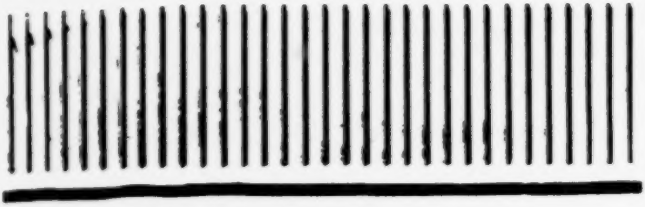
Reproduction of Petitioner's bag bearing "KING'S Snack Nuts"

APPENDIX H
Reproduction of Petitioner's bag bearing "KING'S Beer Nuts"

APPENDIX I

Reproduction of ~~Petitioner's~~ RESPONDENT'S bag bearing "BEER NUTS" and "PATENT"

Front of Package



BEER NUTS®

39¢

PATENT

EXHIBIT I
Back of Package

BEER NUTS

DISTRIBUTED BY BEER NUTS INC., BLOOMINGTON, ILL.
61701